

Message Text

SECRET

PAGE 01 NEW DE 03090 171031 Z

15

ACTION TRSE-00

INFO OCT-01 SS-14 ADP-00 NEA-06 ABF-01 OMB-01 NSC-10

NSCE-00 CIAE-00 INR-09 NSAE-00 RSC-01 AID-10 L-02

EB-03 M-03 A-01 RSR-01 /063 W
----- 081699

R 170958 Z MAR 73

FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3225

S E C R E T NEW DELHI 3090

LIMDIS

PLEASE PASS TO UNDER SECRETARY OF TREASURY PAUL A VOLCKER

PLEASE ALSO PASS ASSISTANT SECRETARY SISCO

E. O. 11652: GDS

TAGS: EFIN, PFOR, IN, US

SUBJ: DISPOSITION OF US OWNED INDIAN RUPEES

BEGIN SUMMARY: I VERY MUCH APPRECIATE YOUR THOUGHTFULNESS
IN HAVING A TREASURY MEMORANDUM PREPARED ON THE QUESTION
OF THE DISPOSITION OF US OWNED INDIAN RUPEES. IN MY
MEETING WITH PRIME MINISTER GANDHI MARCH 15 THIS WAS
THE ONE SUBSTANTIVE ISSUE I RAISED, PROPOSING SIMPLY THAT
WE BEGIN DISCUSSIONS, WITH NO SPECIFICS MENTIONED. SHE
WAS MOST POSITIVE IN RESPONSE, AND A FIRST PRELIMINARY
MEETING IS TO BE HELD TUESDAY. END SUMMARY.

1. THE TREASURY MEMORANDUM IS ENORMOUSLY HELPFUL.
I THINK THE TERMS ARE A BIT STIFF, BUT I QUITE SEE THAT THEY
ARE PUT FORTH, AS THE MEMORANDUM STATES, TO QTE STIMULATE
UNQTE THOUGHT AND NOT QTE AS OUR DEFINITIVE WORD ON THIS
PROBLEM UNQTE. THE ONLY SERIOUS POINT ON WHICH I WOULD
IMAGINE THE DEPARTMENT OF STATE MIGHT DIFFER HAS TO DO WITH
THE PERIOD OF CONTINUED INDIAN PAYMENT OF US EXPENSES
OVER HERE. HAD THE SAULNIER REPORT GONE INTO EFFECT WHEN
SECRET

SECRET

PAGE 02 NEW DE 03090 171031 Z

PROPOSED, AND HAD HIS LOWER LIMIT BEEN ACCEPTED, INDIAN

SUPPORT OF THE AMERICAN MISSION WOULD END IN 1975. YOUR PEOPLE WOULD LIKE TO HAVE IT GO ON UNTIL 2000. AM I WRONG THAT THE INDIANS COULD REASONABLY (SIC) EXPECT INFLATION TO WIPE OUT THE DEBT BY THAT POINT? IN ANY EVENT, I AM HOPING FOR AN AGREEMENT THAT WILL BE OF SUFFICIENT POLITICAL BENEFIT TO THE INDIAN POLITICIANS NOW IN OFFICE THAT IT WILL IN TURN HELP THE PRESIDENT WITH THE PROBLEMS HE WILL BE DEALING WITH DURING THE NEXT FOUR YEARS. ONE OF THE DIFFICULTIES IN THIS REGARD IS THAT AS BEST I CAN CALCULATE FROM NOW TO THE END OF THE CENTURY THERE IS GOING TO BE AN ANNUAL NET TRANSFER OF DOLLARS FROM THE GOVERNMENT OF INDIA TO THE GOVERNMENT OF THE UNITED STATES. UNLESS, THAT IS, AN ENORMOUS AID PROGRAM STARTS UP AGAIN, AND I DO NOT SEE THAT HAPPENING. FOR ONE THING, NEITHER GOVERNMENT SEEMS TO WANT IT. HENCE -- GIVEN THE MANMADE DISASTER WHICH IS THE INDIAN ECONOMY -- I WOULD HOPE WE MIGHT BE SENSITIVE TO HOW MUCH AND HOW LONG WE REQUIRE THEM TO SUPPORT OUR OPERATION OVER HERE. THE MAIN POINT, HOWEVER, IS THAT IF INDIA AND THE UNITED STATES ARE TO HAVE THE RELATIONS OF EQUALS WHICH THE PRESIDENT DESIRES, WE CANNOT HAVE A SITUATION IN WHICH WE WILL ONE DAY OWN UPWARDS OF A FIFTH OF THEIR CURRENCY. IT MAKES FOR NEUROSIS.

2. NO MATTER. I DO NOT WANT TO TROUBLE YOU ABOUT DETAILS. I WOULD LIKE, RATHER, TO PROPOSE THAT YOUR PEOPLE MEET WITH THE CONCERNED OFFICERS AT STATE TO START LAYING OUT THE ISSUES. IN THE MEANTIME, I HAVE ESTABLISHED A WORKING GROUP HERE IN NEW DELHI WHICH INCLUDES JON M GAASERUD, THE SPLENDID YOUNG OFFICER WHO REPRESENTS THE TREASURY IN THE EMBASSY.

3. YOU HAVE HANDLED THE EUROPEAN FLOAT BRILLIANTLY. ALL HERE MARVEL AT YOUR GRACE UNDER PRESSURE.
MOYNIHAN

SECRET

*** Current Handling Restrictions *** LIMDIS

*** Current Classification *** SECRET

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 17 MAR 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NEWDE03090
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730331/aaaahxvi.tel
Line Count: 104
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 17 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Dec-2001 by shawdg>; APPROVED <08-Jan-2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971211
Subject: DISPOSITION OF US OWNED INDIAN RUPEES
TAGS: EFIN, PFOR, IN, US
To: SECSTATE WASHDC
TRSE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005